

Message Text

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ACTION EB-03

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FM AMEMBASSY BELGRADE

TO SECSTATE WASHDC 973

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E.O. 11652: N/A

TAGS: ETRD, YO

SUBJECT: YUGOSLAV INTEREST IN TRADE REFORM ACT

REF : STATE 226810

1. WITH SENATE FINANCE COMMITTEE REVIEW OF TRADE BILL COMPLETE, AND ENACTMENT BY YEAR-END POSSIBLE, YUGOSLAV INTEREST IN BILL - ALWAYS VERY KEEN - MAY BE EXPECTED TO INTENSIFY FURTHER.
2. AS DEPARTMENT IS AWARE, YUGOSLAVS HAVE PROPOSED SENIOR-LEVEL CONSULTATIONS WITH US PRIOR TO GENEVA MTN MEETING, AND ARE LOOKING FORWARD TO PLANNED VISIT OF DEPUTY SPECIAL TRADE REPRESENTATIVE MALMGREN (BELGRADE 3566, 4902, STATE 210068).
3. YUGOSLAVS HAVE REPEATEDLY EMPHASIZED HOPE THAT TRADE REFORM ACT AND MTN WILL FACILITATE SUBSTANTIAL INCREASE IN YUGOSLAV EXPORTS TO US, SO AS TO OFFSET AT LEAST PARTIALLY STEEP INCREASES IN YUGOSLAV IMPORTS OF US CAPITAL EQUIPMENT PROJECTED FOR NEXT SEVERAL YEARS.
4. THEY HAVE ALSO STRESSED EXPECTATION THAT THEIR STATUS UNDER TRADE BILL WILL APPROPRIATELY BE THAT OF LESS DEVELOPED MARKET ECONOMY COUNTRY WHICH HAS TRADITIONALLY ENJOYED MFN TREATMENT RATHER THAN NON-MARKET ECONOMY COUNTRY LINKED TO LIMITED OFFICIAL USE

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SOVIETS, WHICH WOULD BE INAPPROPRIATE.

5. ALTHOUGH DEPARTMENT MESSAGES ON STATUS OF TRADE BILL, INCLUDING REFTTEL, HAVE BEEN VERY HELPFUL, EMBASSY DOES NOT HAVE COMPREHENSIVE OVERVIEW OF TEXT OF MARKED-UP TRADE BILL, WHICH WOULD BE DESIRABLE TO ANSWER YUGOSLAV QUERIES WE EXPECT.

6. WE NOTE, HOWEVER, THAT IN AT LEAST ONE SECTION OF THE IV, MARKET DISRUPTION - YUGOSLAVIA IS BEING PLACED IN SAME RELATIVELY UNFAVORABLE CATEGORY AS SOVIETS, RATHER THAN IN CATEGORY OF COUNTRY WHICH HAS TRADITIONALLY ENJOYED MFN TREATMENT IN PRACTICE. SUCH PLACEMENT APPARENTLY MEANS THAT IN CASE OF COMPLAINT THAT IMPORTERS OF AN ARTICLE FROM YUGOSLAVIA ARE OF SUCH SIZE AS TO CAUSE INJURY TO US DOMESTIC INDUSTRY, RELIEF MEASURES COULD BE TAKEN RAPIDLY AND ON DISCRIMINATORY BASIS AGAINST YUGOSLAV PRODUCTS.

7. WE BELIEVE PLACEMENT OF YUGOSLAVIA IN SAME CATEGORY AS SOVIETS WORKS AGAINST OUR POLICY OF PROMOTING COUNTRY'S INDEPENDENCE AND NON-ALIGNMENT, AND IS UNJUSTIFIED IN LIGHT OF YUGOSLAV CHARACTERISTICS, INCLUDING STRONG WESTERN ECONOMIC ORIENTATION, MARKET ECONOMY, FREEDOM OF EMIGRATION, AND ABSENCE OF SOVIET DOMINATION.

8. ACTION REQUESTED:

1. WE WOULD APPRECIATE UP-TO-DATE SUMMARY OF MARKED-UP TRADE BILL ALONG LINES PUBLISHED IN DECEMBER 24, 1973 ISSUE OF COMMERCE TODAY.

2. TO RESPOND TO OFTEN-ASKED QUESTION, WE WOULD LIKE TO KNOW WHETHER 25 MILLION DOLLAR PER ARTICLE CEILING ON IMPORTS UNDER GENERALIZED PREFERENCE SCHEME APPLIES TO ENTIRE PRODUCTS OR TO INDIVIDUAL CUSTOMS ITEMS.

3. WE WOULD APPRECIATE CABLE SUMMARIZING ALL PROVISIONS OF MARKED-UP BILL UNDER WHICH YUGOSLAVIA TREATED AS MEMBER OF SOVIET BLOC, RATHER THAN LDC TRADITIONALLY ENJOYING MFN TREATMENT. DEPARTMENT SHOULD URGE ELIMINATION OF ALL SUCH PROVISIONS FROM FINAL TRADE BILL.

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